

# **TENNESSEE ALCOHOLIC BEVERAGE COMMISSION**

**Minutes  
June 19, 2008  
1:30 p.m.**

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The regular meeting of the Tennessee Alcoholic Beverage Commission was held on Thursday, June 19, 2008 in Nashville, Tennessee at 1:30 p.m. Chairman John Jones, Commissioner Cynthia Bond and Commissioner Harlan Mathews were present. Executive Director Danielle Elks, Assistant Director Carolyn Smith and ASAC Al Watson were present.

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**1. The Minutes for May 22, 2008 Commission Meeting were approved.**

**2. RETAIL**

**A. POP'S WINE AND LIQUOR  
KNOXVILLE, TENNESSEE (KNOX COUNTY)**

**Applicant: Tad Liquor, LLC**

**Members: David Sprouse and Andy Hillmer**

Before the Commission is a request for a new retail store to be located at 603 East Emory Road in Knoxville, Tennessee. David Sprouse and Andy Hillmer intend to initially invest \$450,000, and if approved, operate the business as a LLC. Financing is based upon a loan with Capital Mark Bank and Trust in the amount of \$105,000, as well as a line of credit in the amount of \$345,000. The applicant is leasing the property from Emory Road Land Partnership for a period of 5 years at \$7259/month, with four, five year options. All documentation has been submitted, with the exception of the following:

- a. Bank credit check;
- b. Use and Occupancy permit;
- c. Final TABC Inspection.
- d. Sales Tax Number
- e. Newspaper Notice and Affidavit.

## **Discussion/Action Taken:**

Commissioner Mathews was not present at the Commission meeting during this matter. Director Elks reviewed the application to the Commissioners and recommended approval upon submission of the final TABC inspection. Chairman Jones made a motion to approve upon submission of the pending documentation. Commissioner Bond seconded the motion and it was approved with 2 ayes.

**B. MAURY PACKAGE STORE  
COLUMBIA, TENNESSEE (MAURY COUNTY)**

**Licensee/Seller:** MWH Enterprises, LLC  
**Member:** Michael Hall  
**Applicant/Buyer:** Maury Package Store, Inc.  
**Stockholder:** Alice Gay Bobo

Before the Commission is a request for a transfer of ownership of the retail store located at 1907 Carmack Boulevard, Suite E & F, in Columbia, Tennessee. Ms. Alice Gay Bobo wishes to purchase the retail store for \$40,000—\$32,000 of which represents inventory. If approved, Ms. Bobo will operate the business as a corporation. Financing is based upon existing personal funds in a money market account. The applicant is leasing the property from Bostelman Realty, LLC for a period of 5 years with rent beginning at \$1085/month, and increasing to \$1235/month. All documentation has been submitted with the exception of the following:

- a. TABC Inspection
- b. Acknowledgement of the rules and regulations;
- c. Newspaper affidavit;
- d. Verification of money market account (past 5 statements).

**Discussion/Action Taken:**

Alice Gay Bobo was present at the meeting. Director Elks reviewed the application to the Commissioners and recommended approval. Chairman Jones made a motion to approve upon submission of the pending documentation. Commissioner Bond seconded the motion and it was approved with 2 ayes.

**C. TRI-CITIES WINES AND SPIRITS  
DECHERD, TENNESSEE (FRANKLIN COUNTY)**

**Licensee/Seller:** Dana Floyd, Terry Floyd and Anita Floyd  
**Applicant/Buyer:** Terry Floyd and Anita Floyd

Before the Commission is a request for a transfer of ownership of the stock owned by Dana Floyd. Dana Floyd currently owns 50% of the stock, and wishes to transfer her interest to the remaining stockholders, Terry and Anita Floyd. If approved, each would own 50% of the stock. The purchase price of the stock is \$100,000.00, and financing would be based upon existing personal funds. All documentation has been approved, with the exception of the following:

- a. Lease amended to remove Dana Floyd as a lessee.

**Discussion/Action Taken:**

Commissioner Mathews joined the Commission meeting. Director Elks reviewed the application to the Commissioners and recommended approval upon submission of the lease amended to remove Dana Floyd as a lessee. Chairman Jones made a motion to approve upon submission of the pending documentation. Commissioner Bond seconded the motion and it was approved with 3 ayes.

**D. MOUNTAIN WINE AND SPIRITS  
SPENCER, TENNESSEE (VAN BUREN COUNTY)**

**Applicant: Mountain Wine and Spirits, LLC**  
**Member: James Adcock, Jr.**

Before the Commission is a request for transfer of ownership of the retail store located at 16972 State Route 11, in Spencer, Tennessee. Mr. James Adcock, Jr. is the current licensee, and he wishes to transfer the ownership to a LLC, and operate the business as the LLC with Mr. Adcock as the sole member. All documentation has been submitted.

**Discussion/Action Taken:**

Director Elks reviewed the application to the Commissioners and recommended approval. Commissioner Mathews made a motion to approve. Commissioner Bond seconded the motion and it was approved with 3 ayes.

**D. FAVORITE LIQUORS  
CLARKSVILLE, TENNESSEE (MONGOMERY COUNTY)**

**Licensee: Ashok Bhagchand**

Before the Commission is a request to transfer location of the retail store currently located at 501-A Providence Boulevard in Clarksville, Tennessee. The licensee, Mr. Bhagchand, wishes to transfer location to 601 South Riverside Drive, Suite 104/105 in Clarksville. The request is based upon the desire for additional space. All documentation has been submitted with the exception of the following:

- a. TABC Inspection;
- b. Release from current landlord.

**Discussion/Action Taken:**

Ashok Bhagchand was present at the meeting. Director Elks reviewed the application to the Commissioners and recommended approval. Commissioner Mathews made a motion to approve. Commissioner Bond seconded the motion and it was approved with 3 ayes.

**E. GEORGE A. DICKEL & CO,  
TULLAHOMA, TENNESSEE (COFFEE COUNTY)**

**Licensee/Seller: Diageo North America, Inc.**  
**Applicant/Buyer: Diageo Americas Supply, Inc.**

Before the Commission is a request to transfer ownership of the retail store located on the premises of the distillery, George A. Dickel & Company, at 1950 Cascade Hollow Road in Tullahoma, Tennessee. Diageo PLC, the parent company, has re-organized its corporate structure, and wishes to transfer ownership from Diageo North America, Inc. to Diageo Americas Supply, Inc. No monies will be exchanged. All documentation has been submitted with the exception of the following:

- a. Lease or deed to the property.
- b. Bill of Sale

**Discussion/Action Taken:**

William Cheek, III, attorney, was present at the meeting. Director Elks reviewed the application to the Commissioners and recommended approval upon submission of the lease or deed to the property and Bill of Sale. Commissioner Mathews made a motion to approve upon submission of the pending documentation. Commissioner Bond seconded the motion and it was approved with 3 ayes.

**F. STONES RIVER LIQUORS  
MURFREESBORO, TENNESSEE (RUTHERFORD COUNTY)**

**Licensee: Kanisha, Inc.**  
**Stockholders: Manish Patel, Bina Patel, Natvar Patel, and Kinnari Patel**  
**Applicant: Estate of Natvar Patel**

Before the Commission is a request for the transfer of the stock owned to Natvar Patel to his estate. Mr. Natvar Patel owned 30% of the stock of the licensee; however, he passed away on May 5, 2008. Pending settlement of the estate, the

stock will be transferred to his son, Manish Pate—who currently owns 10%. All documentation to transfer ownership of the stock to the estate has been submitted.

**Discussion/Action Taken:**

Director Elks reviewed the application to the Commissioners and recommended approval. Commissioner Mathews made a motion to approve. Commissioner Bond seconded the motion and it was approved with 3 ayes.

**3. WINERY**

**A. BEANS CREEK WINERY  
MANCHESTER, TENNESSEE (COFFEE COUNTY)**

<b>Licensee:</b>	<b>Beans Creek Winery, LLC</b>
<b>Members:</b>	<b>Tom and Rebecca Brown, James Morton, Joseph McGrae, John Riddle, Jr.; James Passons, Barbara Lasater, Donald Terry and Ellen Smith</b>
<b>New Members:</b>	<b>Thomas Joshua Brown and William Brent Morton</b>

Before the Commission is a request to add two new additional members to Beans Creek Winery, LLC—Thomas Joshua Brown and William Brent Morton. Both proposed new members are sons of existing members of the LLC licensee. It is the staff's understanding that new shares of stock will be issued to the proposed new members at a cost of \$25,000 each. Financing is based upon the following: Thomas Brown is receiving a gift of \$25,000 from Rebecca Brown, and William Morton has existing personal funds. All documentation has been submitted with the exception of the following:

- a. Document indicating issuance of shares to new members;
- b. List of new members with percentage of ownership.

**Discussion/Action Taken:**

Director Elks reviewed the application to the Commissioners and recommended approval upon submission of the document indicating issuance of shares to new members and the list of new members with percentage of ownership. Commissioner Mathews made a motion to approve upon submission of the pending documentation. Commissioner Bond seconded the motion and it was approved with 3 ayes.

**4. DISTILLERY**

**A. GEORGE A. DICKEL & CO,  
TULLAHOMA, TENNESSEE (COFFEE COUNTY)**

**Licensee/Seller: Diageo North America, Inc.**  
**Applicant/Buyer: Diageo Americas Supply, Inc.**

Before the Commission is a request to transfer ownership of the distillery, George A. Dickel & Company, located at 1950 Cascade Hollow Road in Tullahoma, Tennessee. Diageo PLC, the parent company, has re-organized its corporate structure, and wishes to transfer ownership from Diageo North America, Inc. to Diageo Americas Supply, Inc. No monies will be exchanged. All documentation has been submitted with the exception of the following:

- a. Lease or deed to the property.
- b. Bill of Sale

**Discussion/Action Taken:**

William Cheek, III, attorney, was present at the meeting. Director Elks reviewed the application to the Commissioners and recommended approval upon submission of the lease or deed to the property and Bill of Sale. Commissioner Mathews made a motion to approve upon submission of the pending documentation. Commissioner Bond seconded the motion and it was approved with 3 ayes.

**5. ADMINISTRATIVE CITATIONS**

**A. ALICE ELISE PAYNE**

On May 22, 2008, Respondent sold an alcoholic beverage to an eighteen year-old underage confidential operative at Paulette's in Memphis, Tennessee. TABC Agent Rosalyn Jackson witnessed the transaction. To date, the citation remains outstanding.

**Discussion/Action Taken:**

Assistant Director Smith stated that Alice Elise Payne has paid the administrative citation; therefore, no action is necessary.

**B. MANDY LEIGH HUDGENS**

On May 22, 2008, Respondent sold an alcoholic beverage to an eighteen year-old underage confidential operative at Side Street Grill in Memphis,

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Tennessee. TABC Agents William Gammel and Nina Williamson witnessed the transaction. To date, the citation remains outstanding.

**Discussion/Action Taken:**

Assistant Director Smith stated that Mandy Leigh Hudgens has paid the administrative citation; therefore, no action is necessary.

**C. JESSICA MARIE KLAUS**

On May 16, 2008, Respondent sold an alcoholic beverage to an eighteen year-old underage confidential operative at On The Border in Memphis, Tennessee. TABC Agents William Gammel witnessed the transaction. To date, the citation remains outstanding.

**Discussion/Action Taken:**

Assistant Director Smith stated that Jessica Marie Klaus has requested that her application be moved to the August TABC Commission meeting.

**D. GARRETT PAUL MEADE**

On May 16, 2008, Respondent sold an alcoholic beverage to an eighteen year-old underage confidential operative at Chili's Restaurant in Memphis, Tennessee. Respondent did not check the minor's identification. TABC Agents William Gammel witnessed the transaction. To date, the citation remains outstanding.

**Discussion/Action Taken:**

Assistant Director Smith stated that Garrett Paul Meade is making installment payments for the administrative citation; therefore, no action is necessary.

**6. BUDGET**

**7. CONSENT ORDERS**

**8. PENDING MATTERS LIST**

**9. MISCELLANEOUS**

**Discussion on Joint Ownership/Family Owned Retail Stores**

**Discussion/Action Taken:**

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Chairman Jones stated that this matter was continued from the May Agenda. Commissioner Mathews stated he wants the staff to compose a letter to the Attorney General's Office and requested an interpretation of T.C.A. §57-3-406(a) related to retail ownership. Director Elks stated that the staff historically has issued retail licenses to husbands and wives. Director Elks stated that there have been incidences where the staff suspects that family members combine the operation of both stores but the staff has been unable to prove such. Director Elks stated that often times it is difficult to prove until the second store has opened because evidence does not exist that they are combining the operation of the stores. Director Elks stated that the staff has conducted more investigations resulting in citations. Then if the practice continues, then the matter would be brought before the Commission with a request to revoke all licensees involved. Director Elks stated that the staff has several related ongoing investigations. Director Elks stated that when a husband and wife, father and son, or other family members have applied for a new retail license, the staff has the applicants/licensees submit affidavits providing the interested parties notice what activities are prohibited by each of the licensees.

Commissioner Mathews stated that he would like to have the Attorney General issue an Opinion on what "indirectly" means by way of stock ownership, loans, partners, interest or otherwise; whether a married couple fits into the category. Commissioner Mathews stated that the court has ruled that if a married couple or family members split the ownership of a retail package store and sell the other partner their interest for the sole purpose of opening another retail package store, that it is void; the sale is occurring in order to avoid the penalty of law. Commissioner Mathews stated that he would like clarification as to what the law should be so that all retail package store owners are all aware of what the law states.

He further stated that if it is legal for a husband and wife to own more than one retail package store, then he wants the staff to make it a part of the TABC rules and regulations.

ASAC Al Watson stated that the staff has at least two investigations for husband and wife applicants that are opening a retail package store.

Commissioner Mathews made a motion that the staff be directed to draft a letter to the Attorney General's Office requesting guidance on the subject of spousal ownership of retail package stores and that the letter be placed on the July Agenda. Commissioner Bond seconded the motion and it passed with 3 ayes.

Hank Hildebrand stated that there was an Opinion from the Attorney General's Office in the late 70's that dealt with the application of husband and wife ownership of a liquor store as a result of the passage of the Married Women's Property Act, which specifically recognized in statutory form the ability of a husband and wife to have totally separate estates. The issue that the Alcoholic Beverage Commission took at that time and immediately after the Alcoholic Beverage Commission was reconstituted after Governor Alexander's administration was not to focus so much on husband and wife but do they operate totally separate and independently of each other and that there was no transfer made



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with the intent to of making something happen that didn't happen before. For example that the spouse states that they have \$200,000 to invest in the retail package store and they did not have a separate checking account, no separate funds and no separate income.

- 10. DATE OF NEXT MEETING** – Wednesday, July 16 and Thursday, August 14, 2008 at 1:30 p.m.

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John A. Jones  
Chairman

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Shari Danielle Elks  
Executive Director